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Viewing cable 06KUALALUMPUR1975, MALAYSIA'S CHINESE MINORITY: THE POLITICS OF MARGINALIZATION

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SUBJECT: MALAYSIA'S CHINESE MINORITY: THE POLITICS OF MARGINALIZATION

REF: A. KUALA LUMPUR 942

- 1B. KUALA LUMPUR 1935
1C. KUALA LUMPUR 1942
1D. KUALA LUMPUR 1913

Classified By: Political Section Chief Mark D. Clark for reasons 1.4 (b , d).

Summary

11. (C) Malaysia's Chinese minority struggles to find new footing in national politics. In September Singapore's Minister Mentor Lee Kuan Yew ignited a nation-wide debate on the marginalization of Malaysia's Chinese minority. Leaders from across the Chinese political spectrum agreed, at least privately, with LKY's conclusion and confided that most Chinese Malaysians feel marginalized by the United Malays National Organization (UMNO)'s race-based, Bumiputera policies. As the Chinese community grows restless, Chinese parties of the UMNO-led National Coalition (Barisan Nasional, BN) fear losses to opposition parties in the next general election. The People's Movement Party (Gerakan) faces change at the top and candidates have begun to vie for the coveted chief minister's job in Penang. Many Chinese have questioned their own leaders after Prime Minister Abdullah humiliated current Penang Chief Minister and claimed the Gerakan-led state government is marginalizing ethnic Malays in Penang. The Democratic Action Party (DAP) stands to gain Chinese votes, but remains unorganized and ill-prepared to capitalize on Chinese discontent. Opposition parties in general fail to present a valid alternative to the BN. A think tank report on Bumiputeras' economic share created another rallying point for the Chinese community's expressions of marginalization. While post-Mahathir political openings allow Chinese political discontent to bubble to the surface, ethnic Chinese voters appear to have no realistic alternatives. End Summary.

Singapore's Lee Kuan Yew Ignites a Fire

12. (SBU) In September, Singapore's Minister Mentor Lee Kuan Yew ignited a political firestorm when he commented during a seminar that Singapore's neighbors, Malaysia and Indonesia, systematically marginalized their Chinese minorities. Cries of outrage were heard from Malaysia's ethnic Malay leaders. Prime Minister Abdullah Badawi publicly demanded an apology from Lee, and the two exchanged highly-publicized letters demanding and feigning apology. Dozens of senior Malay officials derided Lee for his comments and a few Chinese members of the ruling Barisan Nasional (BN) coalition government came to the defense of GOM and denied there was any systematic marginalization of Malaysia's minorities. But most Chinese Malaysians agreed with Lee, and Chinese politicians that denied the accusation are now viewed with growing disdain.

MCA admits marginalization and fears backlash

13. (C) Malaysian Chinese Association (MCA) Vice President Ong Tee Keat, who also serves as the Deputy Minister of Higher Education, was one of the few ministerial level Chinese politicians who refused to deny publicly or privately the fact that Chinese Malaysians are marginalized. In a private meeting with poloff Ong commented that although Chinese leaders from MCA and the People's Movement Party (Gerakan) were bound to support government (i.e. UMNO) positions, their Chinese constituents were not satisfied with their responses. Ong commented that in cases such as this, "silence is sometimes our only valid response." But he acknowledged, "of course we are marginalized, big business to small stall owners know that -- but MCA cannot admit it." So when pressed by reporters for a public response to Lee's accusation, Ong related an old Chinese proverb -- "Whether the water in the tea cup is hot or cold, he who drinks it knows best."

14. (C) According to Ong, MCA will face its greatest

electoral challenge ever in the next two years. In his opinion, there was great dissatisfaction with the status quo in the Chinese community that was only partially seen in the Sarawak elections when the opposition Democratic Action Party (DAP) won six seats (Ref A). "Sarawak was a wake-up call for all Chinese parties," Ong told poloff. MCA and Gerakan have studied the results of the Sarawak elections, but are not sure they can counter the growing discontent in their communities. The Chinese component parties of BN no longer have community focused development projects to show their constituents, as these have all been redirected to Malay communities. "There was once a day in Malaysia when MCA would get the left-overs, but now we are just hoping to get some crumbs from the UMNO table," said Ong. Ong admitted that an example of only getting the crumbs could be seen in the Ninth Malaysia plan wherein the government planned for the construction of 180 new elementary and secondary schools, none of which would be vernacular schools for either the Chinese or Indian communities. Only after loud outcries from the Chinese community did the Ministry of Education "cave in" and announce that two of the 180 schools would be designated as Chinese vernacular schools. Again, MCA could not provide a proportional voice for the Chinese minority, and Ong believed the community took note.

Prime Minister claims Malays marginalized in Penang

15. (C) In an ironic exercise in hypocrisy and political expediency prior to the UMNO district meetings in September, Prime Minister Abdullah Badawi echoed the earlier remarks of his son in law, Khairy Jamaluddin, and publicly charged Penang's Chief Minister Dr. Koh Tsu Koon, with systematically marginalizing the ethnic Malays of Penang. Penang is Malaysia's only Chinese majority state (but only by a razor thin margin) and is led by BN coalition partner Gerakan. Despite the conflict resolution principles touted by the Barisan Nasional, at an UMNO divisional meeting in Penang, Abdullah publicly chided Koh and demanded immediate action to address the needs of the marginalized Malay community. Deputy Prime Minister Najib Tun Razak later called for the Penang Chief Minister to more equally divide his executive powers with the Malay deputy chief minister, while federal Education Minister Hishamuddin Tun Hussein demanded Koh take unconditional immediate action to address the needs of the Malay community in Penang. According to sources who attended the meeting, Koh was dumbfounded and unprepared to respond to the Prime Minister's accusations. Penang State Executive Councillor Dr. Toh Kin Woon later admitted in a private meeting with poloff that the PM thoroughly humiliated Koh, and although Malays in Penang have a higher per capita income than Malays in many other states, Koh was unprepared and unable to respond. Gerakan Central Committee member, Lee Kah Choon, stated to poloff that Koh was viewed by the whole Chinese community as weak: "it is just his personality, and everyone comes to expect it." It was this type of weakness, opined Toh, that places BN's Chinese component parties in danger of losing ground to DAP or the People's Justice Party (KeADILan) in more mixed districts. (Comment: Chief Minister Koh is an intellectual, who holds a doctorate in physics from Princeton. His technocratic style makes him popular with corporate leaders, who appreciate his business friendly approach to governing, but is ill-suited to the cut-and-thrust of party politics. End Comment.)

Gerakan plans for leadership change

16. (SBU) Koh, who in addition to duties as the Chief Minister of Penang is also Deputy President of Gerakan, is expected to become the Gerakan president in April 2007 when current president Dr. Lim Keng Yaik steps down. Koh's elevation to party head will likely mean he will move from state politics to a federal ministerial position, and several Gerakan politicians are already jockeying for the anticipated vacancy as Penang Chief Minister. The three front runners for the job in Penang are currently Lee Kah Choon, Gerakan Deputy Secretary General and Parliamentary Secretary for the

Ministry of Health; Dr. Teng Hock Nan, Gerakan Vice President; and Chia Kwang Chye, Gerakan Party Secretary General.

¶ 17. (C) In a separate meeting with poloff, Lee Kah Choon admitted that, like MCA, Gerakan too would face a strong political challenge in the next general election, as they have not been able to overcome the perception that the Chinese community is continually discriminated against by the Malay majority government. Lee's only hope was that DAP "would continue to run dishwashers and truck drivers" for state and federal parliamentary seats, and thus would remain uncompetitive in the general elections in Penang. In another meeting, Dr. Toh Kin Woon lamented that UMNO was resorting to "blatant racist tactics that Malaysia has not seen since the late 1980s." He attributed the rise in UMNO's racist rhetoric to PM Abdullah's weakness as a leader. "Malaysians need a strong leader who knows when to be ruthless. Mahathir knew how to be ruthless, but he became cruel, and that's when he lost respect. Abdullah is not cruel, but neither is he ruthless when he needs to be. He is just weak; so he resorts to racist tactics to hold on to the majority Malays." He faulted Koh for not standing up to Abdullah regarding his accusations of the Chinese marginalizing ethnic Malays in Penang, and opined that such weakness in the party opened the door for the opposition to make significant gains in the next general election.

The Democratic Action Party lacks a national strategy

¶ 18. (C) Notwithstanding their successes in the Sarawak elections (ref A), DAP has not yet formulated a national campaign strategy aimed at capitalizing on the growing discontent in the Chinese community (also see ref B). In Penang, Member of Parliament Chow Kon Yeow (DAP - Tanjong) admitted to poloff that his party traditionally has had very little success in recruiting high caliber candidates for parliamentary elections. Such past failures have influenced the party's motivation to recruit more viable and electable candidates. According to Chow, DAP often struggled with supporting issues germane to the Chinese community, such as promoting vernacular schools, and therefore, at times seems to alienate itself from its natural voting base. Chow indicated that DAP's current plan was to continue to run young party activists who had previously contested elections in Penang and hope that discontent with BN policies would draw voters to vote merely for the party rather than the quality of the candidate. Since many of the seats in Penang currently are held by third term parliamentarians, term limit laws prevent the incumbents from seeking re-election. DAP hoped for a more level playing field if their candidates were not battling incumbents, Chow said, and thus anticipated better electoral results in Penang and other metropolitan areas of the country where Chinese voters are concentrated.

¶ 19. (U) DAP Secretary General Lim Guan Eng has completed his term of exclusion following his conviction under the publications act, and DAP insiders expected him to contest for another seat in parliament in the next election. Lim and his wife have fallen out of favor with party members in Melaka, so Lim likely would challenge a seat in Penang or in Kuala Lumpur. Such mobility is common among Chinese candidates, and due to his relative popularity, party officials were quite optimistic of Lim's election and ability to join his father Lim Kit Siang as a leader in the opposition.

Bumiputera Equity: Chinese cry foul

¶ 10. (SBU) The GOM's negative reaction to the recent public release of the Asian Strategy and Leadership Institute (ASLI)'s analysis of bumiputera equity in the marketplace has stoked the fires of Chinese discontent (Ref C). With characteristic cries of sedition for daring to challenge government statistics, ethnic Malay politicians, including PM Abdullah and DPM Najib have done all in their power to

discredit the ASLI report. Despite pressuring the Malay president of ASLI, Mirzan Mahathir, to retract the report, the Prime Minister and UMNO have not been able to quiet the discussion of bumiputera equity and their race-based policies aimed at perpetually increasing Malay market share.

(Comment: Mirzan Mahathir is the son of former Prime Minister Mahathir Mohamad. Ironically, the elder Mahathir and his two sons, Mirzan and Mukhriz, continue to publicly champion bumiputera set-asides, leading one to question the possible political maneuvers behind the release of the ASLI report. End Comment.)

¶11. (SBU) Perhaps emboldened by his announcement that he will retire as Gerakan president in April 2007, Dr. Lim Keng Yaik, Minister of Energy, Water and Communications, stepped forward to challenge the government to release its statistics and explain how Bumiputera equity is only 18.9 percent rather than the 45 percent ASLI found. DPM Najib replied that the GoM can certainly release its methodology for its more "exhaustive study" and that Lim should not imply that the government is not transparent. Despite Najib's remarks, the GoM has not released its methodology, and UMNO continues to hope that this issue will die a quick and quiet death. Chinese politicians and activists, however, do not yet seem willing to let the issue die, and although the study reiterates what many Chinese have long believed, it now gives quantifiable evidence to support their feelings of discrimination.

Comment

¶12. (C) The increasingly strong Islamic identity of the dominant Malay population has a natural corollary -- an increase in race based politics. As Chinese sensitivities heighten regarding Malay-centric policies, discontent with the status quo grows. Of note, political openings in the post-Mahathir era have allowed greater public airing of such discontent, albeit with limits. Abdullah's inability to shut down the divisive debate stands in stark contrast to Mahathir's firm control. Comprising 25 percent of the total population, ethnic Chinese Malaysians have the most to lose of all the minority groups from the Bumiputera policies aimed at ever increasing Malay equity in the marketplace, often at the expense of Chinese equity. While no one is yet predicting the collapse of the coalition Barisan Nasional, growing discontent in the Chinese community has led many political pundits to forecast that many Chinese will abandon MCA and Gerakan and vote for DAP in the next election. We anticipate the next general election will be held in the fourth quarter of 2007 or first quarter of 2008, and although UMNO is not in danger of losing significant numbers of votes, Chinese component parties fear they will take a hit. Nevertheless, Chinese voters have poor alternatives. DAP and KeADILan are not sufficiently organized to provide a real alternative to BN, particularly given the disproportionate powers wielded by the UMNO-led coalition. The Pan-Malaysia Islamic Party (PAS), the strongest Malay-based opposition party, holds no appeal for the Chinese electorate. Without better alternatives, MCA and Gerakan will not lose their dominance of the Chinese vote.

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